

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
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PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 11/10/94

TO : SAC, ALBUQUERQUE

FROM : SAC, OMAHA (196B-OM-40191) (P)

SUBJECT :
 DBA DIACIDE DISTRIBUTORS, INC.;

 DBA WHITE MOUNTAIN OF AMERICA, INC.;

 DBA J.R. GRADY DISTRIBUTORS, INC.;

 FBW; MF; FIF
 OO: OMAHA

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For information receiving offices, Omaha Division is currently investigating allegations of fraud which have been made against and . Based upon information received to date, it appears and started selling 90-day investment contracts in DIACIDE DISTRIBUTORS, INC. (DDI) during 1992. The investors were told that their money would be used for the mining, refining, and distribution of presold diatomaceous earth, which is a type of naturally occurring pesticide. The 90-day contracts promised a rate of return equivalent to over 60 percent per year.

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2 - Albuquerque
 2 - Honolulu
 2 - Salt Lake City
 Omaha

(9)

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Approved:

Transmitted

(Number) (Time)

196B-OM-40191

spoke to [] or others about DDI's product. The purpose of having interviewed [] is to determine exactly what he knows about DDI, the involvement of [] and [] in DDI and what if any DDI products he has sold. [] lives at []

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WALLY THARP has been contacted by the investigating agent regarding his past business dealings with [] THARP is also involved in the sale of diatomaceous earth. THARP is president of a company named PERMA-GUARD, INC. When he was contacted, THARP stated that his business dealings with [] had been less than proper, as he felt [] had attempted to defraud him. THARP also indicated [] had contacts with individuals in Salt Lake City, Utah, which were also involved in defrauding investors. It is requested Albuquerque Division interview THARP in detail regarding his past business dealings with []

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For the information of the Boise RA, a check of [] name and business name with Butte Information Technology Center revealed he is associated with a company named WHITE MOUNTAIN MINING (WMM). WMM has a \$1 million plus debt on file with the Canyon County District Court, Caldwell, Idaho. It has also been rumored that [] attempted to negotiate the purchase or sale of some type of mine with some attorneys in western Idaho. This debt might have something to do with [] dealings with these attorneys or may concern some other unknown matter.

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LEADS

ALBUQUERQUE DIVISION

AT ALBUQUERQUE, NEW MEXICO

Will interview WALLY THARP regarding his dealings with [] THARP can be reached at telephone number 505/873-3061.

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HONOLULU DIVISION

AT HILO, HAWAII

Will interview [] regarding his business relationship with [] and []

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REGISTRATIONS. They are competitors but we haven't felt it.

pg 3

1992 [] dba EARTH SHIELD, Aransas Pass, Tx
became a distributor. He sold substantial amounts of product,
but we soon began to get complaints on misrepresentation.

1993 June 4th, UDI canceled [] contract to sell Perma-Guard

1993 July 18, Seven groups have shown an interest in buying UDI or
investing in the company. Two interviews will take place
before the end of July.

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The above information, compiled by Wallace Tharp is accurate but
far from complete. If anyone wants additional information they
can call Tharp at 505/881-6933.

Wallace Tharp has over 25 years experience in the use, sale and
application of a Food-Grade, Fresh Water, Amorphous Diatomaceous
Earth. The late comers know only what they learned from him or
from the literature he has printed. They are merely trying to
harvest the fields he has planted. WT

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Continuation of FD-302 of WALLACE THARP, On 12/20/94, Page 3

THARP also believed that [] had some connection with either the company of Enviroguard or the individuals who were involved in that company. THARP did not have details. THARP does believe that the vice president of Perma-Guard, Incorporated, [] does have more information about [] and his possible association with Enviroguard. [] can be reached at [] telephone []

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THARP has also heard that a person by the name of [] a [] business man, has lost [] dollars to Enviroguard, and [] plans to sue that company. THARP said that the name [] is just a title equivalent to being called []

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In approximately 1990 or 1991, a storage operator from Des Moines, Iowa telephoned THARP and stated [] had never paid the storage bill and the operator, name not now recalled, wanted to sell the product back to THARP. THARP declined as he no longer had the rights to Diacide.

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Perma-Guard, Incorporated re-registered with the Environmental Protection Agency (EPA) and now it has new licensing numbers for products.

THARP believed one of the main reasons [] may have wanted to do business with THARP was that THARP had EPA licensing numbers, where [] probably did not. Since the EPA licensing is a drawn out and complicated procedure, THARP's possession of the licensing numbers would be very valuable to [] Perma-Guard, Incorporated recently was sold by THARP for five million dollars, but THARP is still acting as a consultant and manager of the company. THARP had not had contact with [] since [] and THARP had no current knowledge of [] business practices, and did not know the condition of White Mountain of America, Incorporated.

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THARP provided to SA [] a typed synopsis concerning the chronological history of Diatomaceous Earth and Pyrethrum Insecticides. This document is attached.

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CHRONOLOGICAL HISTORY OF
DIATOMACEOUS EARTH & PYRETHRUM INSECTICIDES

- 1959 Inventor [] discovered that Diatomaceous Earth (DE) kills bugs by dehydration and is not toxic.
- 1960 Showed product to [] Dairy owner, who discovered it would kill flies. b6 b7C
- 1962 First patent acquired in the name of Arizona State University.
- 1962 [] sold Dairy, raised all the money he could and started to produce and market Perma-Guard Products.
- 1965 Wallace Tharp joined the company as a salesman. In thirty days sold \$10,000 worth of bottles and got a contract to develop national Sales organization. Second month sold fifty thousand of bottles and small packages.
- 1966 Tharp bought eight row field applicator and began to sell farmers.
- 1966 Equipped first airplane for [] in Imperial Valley. He used the product on approximately 8,000 acres. b6 b7C
- 1968 Tharp had developed 998 distributors in 44 states with a total volume of \$1,500,000 per month.
- 1968 Neil Clark, president of Phoenix Gems, (The Perma-Guard company) died. Members of the Board rushed in trying to seize control, and wrecked the company in ninety days. Production stopped and all the distributors went down the drain. They fought in the courts for eleven years. The company was taken over by a California company, who never managed to sell.
- 1978 [] thru court action, gained ownership of all the assets of the company including the formula and EPA Registrations. Knowing Tharp's history of sales, he invited him to be head of sales. b6 b7C
- 1979 [] had organized his company, but brought in people who did not know how to sell the products, and he gave them shares for services they were yet to perform. He finally gave away more than 50% and they joined together, taking control Tharp got out, with them owing him over \$4,000
- 1980 [] filed lawsuit to regain control.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/23/94

WALLACE THARP, also known as Wally, date of birth September 18, 1918, who is consultant and manager for Perma-Guard, Incorporated, 115 Rio Bravo, SE, Albuquerque, New Mexico, telephone (505) 873-3061, was informed of the identity of Special Agent (SA) [] and of the nature of the interview. He volunteered the following information:

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THARP formerly was president of Perma-Guard, Incorporated, but the company was recently sold for five million dollars and THARP remained as a consultant and manager.

In 1965 THARP became a salesman for Phoenix Gems, the corporation which was subsequently called Universal Diatom, Incorporated and then Perma-Guard, Incorporated.

In approximately 1968 the company filed Chapter 11 bankruptcy and THARP moved on to other employment. However, he was still interested in the company and so he observed the proceedings while it was in bankruptcy. In 1986 the company was auctioned off after an order by the bankruptcy judge. THARP bid \$15,000 and obtained control of the company. [] bid \$10,000 on the company.

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By gaining control of the company, THARP had the rights for the Perma-Guard line of Diatomaceous Earth.

In approximately 1987, [] came to Albuquerque on approximately three different occasions and spent several days each time. [] discussed with THARP the possibility of doing a business deal together. [] said he was the president of an investment group which had a mine in Oregon which was rich in Diatomaceous Earth. The name of [] investment group or company was White Mountain of America, Incorporated. [] proposed he become a distributor for THARP and [] requested he be able to repackage and distribute this Diatomaceous Earth under the name Diacide, a trade name which had been developed by THARP. THARP sold to [] \$7,000 worth of product and he also gave him the right to repackage and sell this product. [] did

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Investigation on 12/20/94 at Albuquerque, New Mexico File # 196B-OM-40191
by SA [] Date dictated 12/21/94

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